

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Date of Communication: Not Applicable
Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:CORP:BR2

PLR-147055-10

Date:

February 14, 2011

LEGEND

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Dear :

This is in response to your letter, submitted by your authorized representative, dated December 21, 2010 requesting that we supplement our letter ruling dated October 14, 2010 (PLR-124690-10) ("Prior Letter Ruling"). The information submitted for consideration in that letter and in later correspondence, dated January 6, 2011, is

summarized below. Capitalized terms not defined in this letter have the meanings originally assigned to them in the Prior Letter Ruling.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

The Prior Letter Ruling addresses certain federal income tax consequences of the Proposed Transactions under sections 355, 368, and certain other relevant provisions of the Internal Revenue Code. Except as modified below, the representations and material facts set forth in the Prior Letter Ruling remain in effect for purposes of this supplemental letter ruling.

Supplemental Facts

On Date 6, Oldco issued additional Oldco Notes (the “Newly-Issued Oldco Notes”) with aggregate face amount of \$u. Thus, the aggregate face amount of the outstanding Oldco Notes is now approximately \$m.

On Date 7, Sub 2 announced a tender offer for Sub 2 Notes (the “Sub 2 Tender Offer”). Holders of approximately \$y face amount of the Sub 2 Notes accepted the offer. Thus, the aggregate face amount of the outstanding Sub 2 Notes is now approximately \$n.

On Date 7, Sub 1 announced a tender offer for the Bonds 1. Holders of approximately \$w face amount of the Bonds 1 accepted the offer. Thus, the aggregate face amount of the outstanding Bonds 1 is now approximately \$p.

Distributing 1 may increase the amount of New Debt to approximately \$x, and the Transferred Debt Proceeds may amount to as much as \$r.

The third parenthetical in the first sentence of the second paragraph of Step (iv) of the Proposed Transaction is modified to read as follows: (Distributing 1, Distributing 2, Sub 1, Sub 2 or one of their subsidiaries).

Oldco will maintain and continue to use its current employer identification number.

Representations

Taxpayer reaffirms each representation made in the Prior Letter Ruling.

Rulings

The Oldco Notes and the Sub 2 Notes

Based solely on the information submitted and the representations set forth above, as well as the information and representations submitted with the Prior Letter ruling, we rule as follows on the effect of the proposed transactions on the Oldco Notes and the Sub 2 Notes:

- (38) The proposed transactions will not result in a significant modification to the Oldco Notes, including the Newly-Issued Oldco Notes, under Treas. Reg. § 1.1001-3(e).
- (39) Notwithstanding the completed Sub 2 Tender Offer, the proposed transactions will not result in a significant modification to the Sub 2 notes under Treas. Reg. § 1.1001-3(e).

Supplemental Rulings

Based solely on the information submitted and the representations set forth above, as well as the information and representations submitted with the Prior Letter Ruling, we rule as follows on the effect of the proposed transactions on the Oldco Group:

- (40) The affiliated group of which Oldco is the common parent (i.e., the Oldco Group) will remain in existence with Distributing 2 as its new common parent (Rev. Rul. 82-152, 1982-2 C.B. 205).
- (41) Oldco's role as common parent and agent for the Oldco Group will cease for the consolidated return year in which the merger occurs; however, Oldco's role as common parent and agent for the Oldco Group will continue for the consolidated return years preceding the year in which the merger occurs (Treas. Reg. § 1.1502-77(a)(4)(i), (iii)).
- (42) Distributing 2's basis in the Oldco stock immediately after the deemed transfer of the Oldco stock to Distributing 2 will be Oldco's net asset basis, determined under Treas. Reg. § 1.1502-31(c), subject to the adjustments described in Treas. Reg. § 1.1502-31(d) (Treas. Reg. § 1.1502-31(b)(2)).
- (43) Immediately after Distributing 2 becomes the common parent of the Oldco Group, the earnings and profits of Distributing 2 will be adjusted to reflect the earnings and profits of Oldco immediately before Oldco ceases to be the common parent of the Oldco Group (Treas. Reg. § 1.1502-33(f)).
- (44) The Supplemental Facts submitted will not adversely affect the Prior Letter Ruling, which, as modified hereby, will remain in full force and effect.

We will, accordingly, approve and enter into a closing agreement with the parties regarding those issues affecting their respective tax liabilities on the basis set forth above. The necessary closing agreement for Oldco, New P, and New Ships has been prepared. In pursuance of our practice with respect to such agreements, the agreement contains a stipulation to the effect that any change or modification of applicable statutes enacted subsequent to the date of this agreement and made applicable to the taxable period involved will render the agreement ineffective to the extent that it is dependent upon such statutes.

Caveats

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

In addition, no opinion is expressed regarding whether the transactions discussed above in fact result in a change in payment expectations under § 1.1001-3(e)(4)(vi) or a significant alteration under § 1.1001-3(e)(4)(i)(E), or regarding the tax effect that the proposed transactions may have on any debt other than the Oldco Notes (including the Newly-Issued Oldco Notes) and the outstanding Sub 2 Notes.

Procedural Statements

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

Sincerely,

Gerald B. Fleming
Senior Technician Reviewer, Branch 2
(Corporate)

cc: